



July 3, 2008

Indiana Economic Development Corporation

Steve Lucas  
Director of Hearings  
Indiana Natural Resources Commission

One North Capitol, Suite 700  
Indianapolis, Indiana 46204  
Tel 317.232.8800  
Fax 317.232.4146  
[www.iedc.in.gov](http://www.iedc.in.gov)

Dear Mr. Lucas:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Department of Natural Resources ("DNR") and contained in LSA Document 08-131. The proposed rule adds 312 IAC 6.3 to assist with the application of P.L. 231-2007 to IC 14-25-2 with respect to water withdrawal contracts for water supply purposes from the water supply in reservoir impoundments that are financed by the state. The proposed rule sets forth requirements, pursuant to P.L. 231-2007, that must be satisfied by businesses seeking contracts to withdraw water from state owned reservoirs. DNR records indicate that there are eleven (11) businesses currently holding such contracts and that ten (10) of those businesses are classified as small businesses.

DNR indicates that the proposed rule will impose costs on small businesses associated with compiling the information that must be included in the businesses' request for a contract to withdraw water from state owned reservoirs. This information must include an engineering study of all available water sources, a justification of water withdrawals, and the development of conservation and contingency plans. The estimated cost to compile this information is estimated to be \$18,000 per business seeking a contract. This estimate was arrived at in consultation with a reputable engineering firm with expertise in this industry. While this cost is significant and must be incurred prior to receiving the contract, the term of such contracts can be up to fifty (50) years. Thus, the cost is not anticipated to be a regularly recurring cost.

Although the cost associated with compliance with the rule is significant, the requirements set forth in the rule are deemed critical to carrying out the intent of P.L. 231-2007. The cost is not intended to be frequently recurring. Additionally, revenue received from receiving a contract to withdraw water from state owned reservoirs would offset the cost associated with compliance with the rule.

The IEDC does not object to the economic impact to small businesses associated with the rule changes. If you have any questions about the comments contained herein please contact me at 232-8962 or [rasberry@iedc.in.gov](mailto:rasberry@iedc.in.gov).

Regards,

Ryan Asberry  
Assistant Vice President  
Indiana Economic Development Corporation